

**IOWA CENTRAL COMMUNITY COLLEGE**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

**June 30, 2013**

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## OFFICIALS

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
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### Board of Directors

Mark Crimmins	President	2013
Larry Hecht	Vice President	2013
Thomas Chelesvig	Member	2015
Garland Hanson	Member	2013
Deborah Loerch	Member	2015
Darrell Determann	Member	2015
Connie Smith	Member	2015
Douglas McDermott	Member	2015
Terry Wessels	Member	2013

### Community College

Dr. Daniel Kinney	President
Thomas Beneke	Vice President
James Kersten	Vice President
Laurie Hendricks	Vice President
Angie Martin	Vice President
Dave Grosland	Vice President
Karen Lombard	Board Secretary/Treasurer

**IOWA CENTRAL COMMUNITY COLLEGE**



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Iowa Central Community College  
Fort Dodge, Iowa 50501

**Report on the Financial Statements**

We have audited the accompanying financial statements of Iowa Central Community College, Fort Dodge, Iowa, and its discretely presented component unit as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the College's basic financial statements listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the component units were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Iowa Central Community College and its discretely presented component unit as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 11 and 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

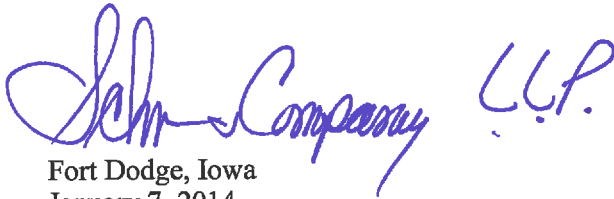
### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iowa Central Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of Iowa Central Community College's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, based on our audit and the procedures performed as described above, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 7, 2014 on our consideration of Iowa Central Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Iowa Central Community College's internal control over financial reporting and compliance.

Handwritten signature in blue ink that reads "John Company LLP".

Fort Dodge, Iowa  
January 7, 2014

## **IOWA CENTRAL COMMUNITY COLLEGE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Iowa Central Community College provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

#### **2013 FINANCIAL HIGHLIGHTS**

- College operating revenues increased in FY13. The primary reason for the increase was an increase in tuition revenue. Tuition revenue increased due to the increase in the tuition rate per credit hour. In addition, auxiliary enterprises revenues increased due to the increase in the number of students in College housing.
- College operating expenses decreased in FY13. The primary reason for the decrease was a reduction in expenses related to cooperative service, general institution, and administrative and collection costs.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information presents the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the individual funds. The Budgetary Comparison Schedule of Expenditures – Budget to Actual further explains and supports the financial statements with a comparison of the College's budget for the year. The Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the College.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

#### *The Statement of Net Position*

The Statement of Net Position presents the assets, liabilities, and net position of the College as a whole, as of the end of the fiscal year. The Statement of Net Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Position includes year-end information concerning current and non-current assets, current and non-current liabilities, and net position (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net position. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

	Net Position	
	June 30,	
	2013	2012
Current and other assets	\$ 30,894,756	\$ 39,031,906
Capital assets, net of accumulated depreciation	68,534,494	58,393,519
<b>Total assets</b>	<b>99,429,250</b>	<b>97,425,425</b>
Current liabilities	15,795,004	16,938,029
Noncurrent liabilities	44,388,344	48,735,154
<b>Total liabilities</b>	<b>60,183,348</b>	<b>65,673,183</b>
Net position:		
Net investment in capital assets	29,204,494	16,478,519
Restricted	3,068,812	2,983,232
Unrestricted	6,972,596	12,290,491
<b>Total net position</b>	<b>\$ 39,245,902</b>	<b>\$ 31,752,242</b>

#### Comparison of Net Position

The largest portion of the College's net position (74%) is invested in capital assets (e.g., land, buildings, intangibles and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net position (8%) includes resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The remaining net position (18%) is the unrestricted net position which can be used to meet the College's obligations as they come due.

#### *Statement of Revenues, Expenses and Changes in Net Position*

Changes in total net position as presented in the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues earned by the College, both operating and non-operating, and the expenses incurred by the College, both operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (CONTINUED)

#### Comparison of Net Position (Continued)

##### *Statement of Revenues, Expenses and Changes in Net Position (Continued)*

In general, a public college such as Iowa Central Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituents of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation/amortization, which allocates the cost of an asset over its expected useful life.

<b>Changes in Net Position</b>		<b>Year ended June 30</b>	
		<b>2013</b>	<b>2012</b>
Operating revenue:			
Tuition and fees	\$	17,115,154	\$ 16,171,744
Federal appropriations		1,993,840	2,575,557
Iowa Industrial New Jobs Training Program		484,668	763,740
Auxiliary		13,299,518	12,520,150
Sales and services		821,298	1,017,569
Miscellaneous		456,862	308,335
<b>Total operating revenue</b>		<b>34,171,340</b>	<b>33,357,095</b>
 Total operating expenses		 <b>59,027,893</b>	 <b>60,278,869</b>
 <b>Operating (loss)</b>		 <b>(24,856,553)</b>	 <b>(26,921,774)</b>
 Nonoperating revenues (expenses):			
State appropriations		12,558,759	10,482,371
Pell grant		11,268,886	11,133,390
Property tax		5,647,340	5,740,825
Interest income on investments		73,452	65,123
Loss on disposal of capital assets		-	(7,200)
Donated capital assets		4,217,485	-
Interest on indebtedness		(1,415,709)	(1,605,547)
<b>Net nonoperating revenues</b>		<b>32,350,213</b>	<b>25,808,962</b>
 Increase (decrease) in net position		 <b>7,493,660</b>	 <b>(1,112,812)</b>
 Net position beginning of year		 <b>31,752,242</b>	 <b>32,865,054</b>
 Net position end of year	\$	 <b>39,245,902</b>	\$ <b>31,752,242</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (CONTINUED)

#### Comparison of Net Position (Continued)

##### *Statement of Revenues, Expenses and Changes in Net Position (Continued)*

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase in the net position at the end of the fiscal year.

In fiscal year 2013, operating revenues increased as a result of the following:

- Tuition and fees increased due to the resident tuition rate increasing from \$126 per credit hour in FY12 to \$132 per credit hour in FY13.
- Auxiliary enterprises revenue increased due to the enrollment increase, the increase in students in College housing, and the increase in premium dollars in the College self-funded employee health plan.
- Plant fund revenue increased due to an increase in transfers and the recognition of donated capital assets amounting to \$4.2 million.

#### Operating Expenses

	Year ended June 30	
	2013	2012
Education and support:		
Liberal arts and sciences	\$ 9,313,372	\$ 8,862,692
Vocational technical	7,331,465	7,524,200
Adult education	2,469,703	2,480,269
Cooperative services	593,177	1,169,975
Administration	1,474,667	1,742,305
Student services	5,979,627	5,605,487
Learning resources	559,167	581,986
Physical plant	4,942,487	5,162,986
General institution	7,198,465	7,877,384
Auxiliary enterprises	11,967,866	12,191,960
Scholarships and grants	3,926,173	3,522,840
Workforce Investment Act	-	68,633
Administrative and collection costs	736,895	1,177,737
Depreciation	2,534,829	2,310,415
<b>Total</b>	<b>\$ 59,027,893</b>	<b>\$ 60,278,869</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (CONTINUED)

#### Total Expenses

In fiscal year 2013, operating expenses decreased as a result of the following:

- Reduction in grant funds
- Restructuring of some high school partnered vocational programs and reduction in high school partnered vocational programs due to low enrollment.
- Reduction in professional services due to no NJTP bonds issued in FY13, and in FY12 there was a NJTP bond issued.
- Reduction in professional services in the Plant Fund such as architect fees and capital loan note administrative costs.

#### Statement of Cash Flows

A statement included in Iowa Central Community College's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

Cash Flows		
Year ended June 30		
	2013	2012
Cash provided (used) by:		
Operating activities	\$ (22,880,382)	\$ (23,384,544)
Non-capital financing activities	27,744,701	27,465,695
Capital and related financing activities	(12,246,089)	5,175,076
Investing activities	73,452	65,123
Net increase (decrease) in cash	(7,308,318)	9,321,350
Cash beginning of year	26,719,613	17,398,263
Cash end of year	\$ 19,411,295	\$ 26,719,613

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations and local property tax received by the College. Cash used by capital and related financing activities represents the principal payments of debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2013, the College had approximately \$68.5 million invested in capital assets, net of accumulated depreciation of approximately \$25.9 million. Depreciation charges totaled \$2,534,829 for FY13. Details of the capital assets are shown below.

#### Capital Assets, Net, at Year-End

	June 30,	
	2013	2012
Land	\$ 2,298,870	\$ 1,711,616
Buildings	54,830,124	47,567,388
Construction in progress	6,727,192	3,939,153
Improvements other than buildings	2,549,048	2,822,816
Equipment and vehicles	2,129,260	2,352,546
	<u>\$ 68,534,494</u>	<u>\$ 58,393,519</u>

Major capital expenditures for fiscal year ending June 30, 2013, included completion of Dorm 13 addition, purchase and remodeling of the Iowa Central East Campus, and continued major infrastructure expenditures for the Triton Café.

Planned capital expenditures for the fiscal year ending June 30, 2014 and beyond include completion of the construction for the Triton Café and Culinary Arts remodeling.

More detailed information about the College's capital assets is presented in Note 4 to the financial statements.

#### Debt

At June 30, 2013, the College had approximately \$42.9 million in debt outstanding, a decrease of \$4,035,000 from fiscal year 2012. The table below summarizes these amounts by type.

#### Outstanding Debt

	June 30,	
	2013	2012
Certificates payable	\$ 3,560,000	\$ 5,010,000
Capital loan notes payable	8,310,000	9,315,000
Bonds payable	31,020,000	32,600,000
	<u>\$ 42,890,000</u>	<u>\$ 46,925,000</u>

More detailed information about the College's outstanding debt is presented in Note 5 to the financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **ECONOMIC FACTORS**

Iowa Central Community College continued to improve its financial position during the current fiscal year. Maintaining the current good condition of the economy in the state and maintaining the continued increases in student enrollment are a concern for College officials. Some of the realities that may potentially become challenges for the College to meet are:

- State general aid from 2012-2013 to 2013-2014 increased 10 percent. In 2012-2013 state general aid represented 27 percent of the general fund revenue. Changes in and adequate funding of state general aid are a concern in meeting and maintaining the education needs of our students.
- Expenses will continue to increase due to salary and benefit increases, increases in costs of professional services and costs of materials and supplies.
- The College will continue to expand distance-learning opportunities in FY14 and beyond and is involved with school districts in the operation of Alternative High Schools and Charter Schools. The College works in joint partnership with Barker Educational Services Team (BEST) to offer students a variety of programs via the 8-Week Online Program through the Distance Learning Office.
- The start-up of new programs is expensive. New programs to be started in FY14 and beyond include Process Technology, Industrial Robotics, and Baking and Pastry Arts.
- Aging facilities at the College require constant maintenance and upkeep. The increase in number of buildings creates increased utility costs, maintenance and upkeep expenses.
- Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up-to-date technology at a reasonable cost.
- Property tax revenue to support the College operating fund for 2013-2014 will increase 4.6 percent. Property tax revenue in 2004-2005 decreased 15 percent due to reduced farmland valuation. However, this reduction was recovered in 2009-2010 to a level just above the 2003-2004 amount.

The College anticipates the current fiscal year will be much like the last and will monitor resources to maintain the College's ability to react to unknown issues.

### **CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Central Community College, One Triton Circle, Fort Dodge, IA 50501.

**IOWA CENTRAL COMMUNITY COLLEGE**

## **BASIC FINANCIAL STATEMENTS**



**STATEMENT OF NET POSITION**  
**June 30, 2013**

<b>ASSETS</b>	<b>Primary Government</b>	<b>Component Unit</b>
Current assets:		
Cash and pooled investments	\$ 19,411,295	\$ 4,585,352
Receivables:		
Accounts	2,158,803	-
Capital campaign	-	157,500
Property tax:		
Succeeding year	6,310,674	-
Due from other governments	852,465	-
Inventories	1,034,530	-
Prepaid expenses	252,140	-
<b>Total current assets</b>	<b>30,019,907</b>	<b>4,742,852</b>
Noncurrent assets:		
Receivables:		
Iowa Industrial New Jobs Training Program	874,849	-
Capital campaign	-	190,004
Non-depreciable capital assets	9,026,062	1,919,000
Depreciable capital assets, net of accumulated depreciation	59,508,432	553,780
<b>Total noncurrent assets</b>	<b>69,409,343</b>	<b>2,662,784</b>
<b>Total assets</b>	<b>99,429,250</b>	<b>7,405,636</b>

(Continued on next page)

**IOWA CENTRAL COMMUNITY COLLEGE**

**Exhibit A  
(Continued)**

**STATEMENT OF NET POSITION  
June 30, 2013**

<b>LIABILITIES</b>	<b>Primary Government</b>	<b>Component Unit</b>
<b>Current liabilities:</b>		
Accounts payable	\$ 1,023,497	\$ 685
Salaries and benefits payable	1,067,045	-
Interest payable	70,668	-
Unearned revenue:		
Succeeding year property tax	6,310,674	-
Other	1,716,807	-
Compensated absences	503,181	-
Deposits held in custody for others	988,132	-
Certificates payable	845,000	-
Capital loan notes payable	1,040,000	-
Bonds payable	2,230,000	-
<b>Total current liabilities</b>	<b>15,795,004</b>	<b>685</b>
<b>Noncurrent liabilities:</b>		
Certificates payable	2,715,000	-
Capital loan notes payable	7,270,000	-
Bonds payable	28,790,000	-
Net OPEB liability	5,613,344	-
<b>Total noncurrent liabilities</b>	<b>44,388,344</b>	<b>-</b>
<b>Total liabilities</b>	<b>60,183,348</b>	<b>685</b>
<b>Net position</b>		
Net investment in capital assets	29,204,494	-
Restricted:		
Nonexpendable:		
Scholarships and fellowships	-	3,694,508
Expendable:		
Capital campaign	-	347,504
Scholarships and fellowships	140,598	3,362,939
Loans	4,992	-
Cash reserve	319,603	-
Other	2,603,619	-
Unrestricted	6,972,596	-
<b>Total net position</b>	<b>\$ 39,245,902</b>	<b>\$ 7,404,951</b>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Year Ended June 30, 2013**

	<b>Primary Government</b>	<b>Component Unit</b>
<b>Operating revenues:</b>		
Tuition and fees, net of scholarship allowances of \$6,658,061	\$ 17,115,154	\$ -
Federal appropriations	1,993,840	-
Iowa Industrial New Jobs Training Program	484,668	-
Auxiliary enterprises revenue, net of scholarship allowances of \$1,923,291	13,299,518	-
Sales and services	821,298	-
Farm income	-	227,178
Miscellaneous	456,862	-
Contributions and pledges	-	229,055
<b>Total operating revenues</b>	<b>34,171,340</b>	<b>456,233</b>
<b>Operating expenses:</b>		
Education and support:		
Liberal arts and science	9,313,372	-
Vocational technical	7,331,465	-
Adult education	2,469,703	-
Cooperative services	593,177	-
Administration	1,474,667	-
Student services	5,979,627	-
Learning resources	559,167	-
Physical plant	4,942,487	-
General institution	7,198,465	-
Auxiliary enterprises	11,967,866	-
Scholarships and grants	3,926,173	168,791
Administrative and collection costs	736,895	-
Depreciation	2,534,829	11,740
Farm expenses	-	167,483
Management and general expenses	-	93,169
<b>Total operating expenses</b>	<b>59,027,893</b>	<b>441,183</b>
<b>Operating income (loss)</b>	<b>(24,856,553)</b>	<b>15,050</b>

(Continued on next page)

**IOWA CENTRAL COMMUNITY COLLEGE**

**Exhibit B  
(Continued)**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
Year Ended June 30, 2013**

	<b>Primary Government</b>	<b>Component Unit</b>
Nonoperating revenues (expenses):		
State appropriations	\$ 12,558,759	\$ -
Pell grant	11,268,886	-
Property tax	5,647,340	-
Interest income from investments	73,452	77,627
Interest on indebtedness	(1,415,709)	-
Donated capital assets	4,217,485	-
Realized and unrealized gain on investments	-	368,116
<b>Net nonoperating revenues (expenses)</b>	<b>32,350,213</b>	<b>445,743</b>
Change in net position	7,493,660	460,793
Net position beginning of year	31,752,242	6,944,158
Net position end of year	<u>\$ 39,245,902</u>	<u>\$ 7,404,951</u>

See notes to financial statements.

**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2013**

<b>Cash Flows from Operating Activities:</b>	
Tuition and fees	\$ 17,115,154
Federal appropriations	2,084,236
Iowa Industrial New Jobs Training Program	2,082,940
Payments to employees for salaries and benefits	(28,622,985)
Payments to suppliers for goods and services	(23,296,527)
Payments to NJTP recipients	(484,668)
Scholarships	(3,926,173)
Auxiliary enterprise receipts	13,299,518
Other payments	(1,131,877)
<b>Net cash (used in) operating activities</b>	<u>(22,880,382)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
State appropriations	12,558,759
Pell grant	11,268,886
Property tax	5,647,340
Agency Fund receipts	23,169,651
Agency Fund disbursements	(23,236,996)
Interest paid on debt	(212,939)
Borrowings on debt	-
Principal paid on debt	(1,450,000)
<b>Net cash provided by non-capital financing activities</b>	<u>27,744,701</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition of capital assets	(8,458,319)
Interest paid on debt	(1,202,770)
Borrowings on debt	595,000
Principal paid on debt	(3,180,000)
<b>Net cash (used in) capital and related financing activities</b>	<u>(12,246,089)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest on investments	73,452
<b>Net cash provided by investing activities</b>	<u>73,452</u>
<b>Net (decrease) in cash</b>	(7,308,318)
Cash beginning of year	<u>26,719,613</u>
Cash end of year	<u><u>\$ 19,411,295</u></u>

(Continued on next page)

## IOWA CENTRAL COMMUNITY COLLEGE

Exhibit C  
(Continued)STATEMENT OF CASH FLOWS  
Year Ended June 30, 2013

Reconciliation of Operating (Loss) to	
Net Cash (Used in) Operating Activities:	
Operating (loss)	<u>\$ (24,856,553)</u>
Adjustments to reconcile operating (loss) to	
net cash (used in) operating activities:	
Depreciation	2,534,829
Changes in assets and liabilities:	
Increase in accounts receivable	(747,352)
Decrease in NJTP receivable	1,598,272
Decrease in due from other governments	60,665
Increase in inventories	(79,943)
Increase in prepaid expenses	(2,810)
Increase in accounts payable	708,205
Increase in salaries payable	83,249
Decrease in interest payable	(10,591)
Decrease in deferred revenue	(1,632,944)
Decrease in Net OPEB liability	(571,810)
Increase in compensated absences	<u>36,401</u>
<b>Total adjustments</b>	<u>1,976,171</u>
<b>Net cash (used in) operating activities</b>	<u><u>\$ (22,880,382)</u></u>
Noncash, capital and related financing activities:	

## **IOWA CENTRAL COMMUNITY COLLEGE**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1. Summary of Significant Accounting Policies**

Iowa Central Community College is a publicly supported school established and operated by Merged Area V under the provisions of Chapter 260C of the Code of Iowa. The College offers programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. It also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Iowa Central Community College maintains campuses in Fort Dodge, Webster City, and Storm Lake, Iowa, and has its administrative offices in Fort Dodge. Iowa Central Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area V.

The College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### **A. Reporting Entity**

For financial reporting purposes, Iowa Central Community College has included all funds, organizations, agencies, boards, commissions and authorities. The College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Community College.

These financial statements present Iowa Central Community College (the primary government) and its component unit. The component unit discussed below is included in the College's reporting entity because of the significance of its operational or financial relationships with the College. Certain disclosures about the component unit are not included because the component unit has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the College.

#### **Discrete Component Unit**

Iowa Central Community College Foundation is a legally separate, tax-exempt foundation. The Foundation was established for the purpose of maintaining, developing and extending its facilities and services for the benefit of Iowa Central Community College. The Foundation is governed by a Board of Directors who is appointed by the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Iowa Central Community College and its students. The address of the Foundation is One Triton Circle, Fort Dodge, Iowa.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### A. Reporting Entity (continued)

##### Discrete Component Unit (continued)

The Foundation is a non-profit organization which reports under accounting standards established by the Financial Accounting Standards Board (FASB). The Foundation's financial statements were prepared in accordance with the provisions of the Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting for these differences. The Foundation reports net assets, which is equivalent to net position reported by the College. Copies of the Foundations' financial statements may be obtained by contacting the Foundation.

#### B. Basis of Presentation

GASB Statement No. 35, establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following net position categories:

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

##### Restricted Net Position:

*Nonexpendable* – Net position subject to externally-imposed stipulations that they be maintained permanently by the College, including the College's permanent endowment funds.

*Expendable* – Net position whose use by the College is subject to externally-imposed stipulations that can be fulfilled by actions of the College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Position: Net position that is not subject to externally-imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and general programs of the College.

GASB Statement No. 35 also requires the Statements of Net Position, Revenues, Expenses and Changes in Net Position, and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.



## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### C. Measurement Focus and Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

#### D. Assets, Liabilities and Net Position

Cash and Pooled Investments – Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Due from Other Governments – This represents state aid, grants and reimbursements due from the State of Iowa and grants and reimbursements due from the Federal government.

Inventories – Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Directors to the appropriate County Auditors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2013 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities and Net Position (Continued)

Capital Assets – Capital assets, which include land, buildings and improvements, and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are defined by the College as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years:

<u>Assets</u>	<u>Amount</u>
Land, buildings and improvements	\$ 5,000
Equipment and vehicles	5,000

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	25-50
Equipment and vehicles	5-10

The College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements.

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Unearned Revenue – Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets have not been spent for their intended purpose. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, and advanced student tuition.

Compensated Absences – College employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2013.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, Health and Fitness Center, self-insurance program and athletics.

Summer Session – The College operates summer sessions during May, June and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the College Registrar.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Assets, Liabilities and Net Position (Continued)

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Operating and Nonoperating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include state appropriations, Pell grants, property tax and interest income.

#### E. Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

### Note 2. Cash and Pooled Investments

The College's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk – The College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the College.

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Inventories

The College's inventories at June 30, 2013 are as follows:

Type	Amount
Merchandise held for resale	\$ 1,034,530

### Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Additions	Transfers	Deletions	Balance End of Year
Capital assets not being depreciated:					
Land	\$ 1,711,616	\$ 180,194	\$ 407,060	\$ -	\$ 2,298,870
Construction in progress	3,939,153	6,571,760	(3,783,721)	-	6,727,192
<b>Total capital assets not being depreciated</b>	<b>5,650,769</b>	<b>6,751,954</b>	<b>(3,376,661)</b>	<b>-</b>	<b>9,026,062</b>
Capital assets being depreciated:					
Buildings	60,852,842	5,290,067	3,376,661	-	69,519,570
Improvements other than buildings	4,867,633	-	-	-	4,867,633
Equipment and vehicles	10,414,469	633,782	-	(74,708)	10,973,543
<b>Total capital assets being depreciated</b>	<b>76,134,944</b>	<b>5,923,849</b>	<b>3,376,661</b>	<b>(74,708)</b>	<b>85,360,746</b>
Less accumulated depreciation for:					
Buildings	13,285,454	1,403,992	-	-	14,689,446
Improvements other than buildings	2,044,816	273,769	-	-	2,318,585
Equipment and vehicles	8,061,923	857,068	-	(74,708)	8,844,283
<b>Total accumulated depreciation</b>	<b>23,392,193</b>	<b>2,534,829</b>	<b>-</b>	<b>(74,708)</b>	<b>25,852,314</b>
<b>Total capital assets being depreciated, net</b>	<b>52,742,751</b>	<b>3,389,020</b>	<b>3,376,661</b>	<b>-</b>	<b>59,508,432</b>
<b>Capital assets, net</b>	<b>\$ 58,393,520</b>	<b>\$ 10,140,974</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 68,534,494</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2013 is as follows:

	Certificates Payable	Capital Loan Notes Payable	Bonds Payable	Net OPEB Liability	Total
Balance, beginning of year	\$ 5,010,000	\$ 9,315,000	\$ 32,600,000	\$ 6,185,154	\$ 53,110,154
Additions	-	-	595,000	-	595,000
Reductions	1,450,000	1,005,000	2,175,000	571,810	5,201,810
Balance, end of year	<u>\$ 3,560,000</u>	<u>\$ 8,310,000</u>	<u>\$ 31,020,000</u>	<u>\$ 5,613,344</u>	<u>\$ 48,503,344</u>

#### Certificates Payable:

In accordance with agreements dated between July 1, 2003 and June 1, 2012, the College issued certificates totaling \$10,380,293 with interest rates ranging from 0.50% to 6.65%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries that are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 845,000	\$ 151,586	\$ 996,586
2015	840,000	106,738	946,738
2016	650,000	67,515	717,515
2017	555,000	38,245	593,245
2018	130,000	12,695	142,695
2019-2023	540,000	32,956	572,956
<b>Total</b>	<u>\$ 3,560,000</u>	<u>\$ 409,735</u>	<u>\$ 3,969,735</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Changes in Long-Term Debt (Continued)

#### Capital Loan Notes Payable:

The College has issued notes for the purchase and construction of student dormitories and other related student facilities as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2013 capital loan notes payable indebtedness are as follows:

Note Issuance of July 1, 2000				
Year Ending June 30,	Interest Rate	Principal	Interest	Total
2014	6.10	\$ 145,000	\$ 8,846	\$ 153,846
Total		\$ 145,000	\$ 8,846	\$ 153,846

Note Issuance of October 1, 2001				
Year Ending June 30,	Interest Rate	Principal	Interest	Total
2014	4.70	\$ 155,000	\$ 7,284	\$ 162,284
Total		\$ 155,000	\$ 7,284	\$ 162,284

Note Issuance of July 1, 2003				
Year Ending June 30,	Interest Rate	Principal	Interest	Total
2014	3.70	\$ 285,000	\$ 10,546	\$ 295,546
Total		\$ 285,000	\$ 10,546	\$ 295,546

Note Issuance of March 1, 2004				
Year Ending June 30,	Interest Rate	Principal	Interest	Total
2014	3.75	\$ 145,000	\$ 5,439	\$ 150,439
Total		\$ 145,000	\$ 5,439	\$ 150,439

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Changes in Long-Term Debt (Continued)

#### Capital Loan Notes Payable (Continued):

Note Issuance of September 19, 2011				
Year Ending June 30,	Interest		Interest	Total
	Rate	Principal		
2014	0.65	\$ 310,000	\$ 189,152	\$ 499,152
2015	0.85	635,000	186,518	821,518
2016	1.15	650,000	179,214	829,214
2017	1.40	665,000	170,116	835,116
2018	1.80	685,000	158,146	843,146
2019-2024	2.1-4.0	4,635,000	561,814	5,196,814
<b>Total</b>		<b>\$ 7,580,000</b>	<b>\$ 1,444,960</b>	<b>\$ 9,024,960</b>

#### Bonds Payable:

The College has issued bonds for the construction of student dormitories and other related student facilities as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2013 bonded indebtedness are as follows:

Bond Issuance of March 5, 2012				
Year Ending June 30,	Interest		Interest	Total
	Rate	Principal		
2014	1.15	\$ 945,000	\$ 87,808	\$ 1,032,808
2015	1.35	960,000	76,940	1,036,940
2016	1.45	965,000	63,980	1,028,980
2017	1.60	990,000	49,988	1,039,988
2018	1.85	705,000	33,652	738,652
2019-2021	2.1-2.3	950,000	28,200	978,200
<b>Total</b>		<b>\$ 5,515,000</b>	<b>\$ 340,568</b>	<b>\$ 5,855,568</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Changes in Long-Term Debt (Continued)

#### Bonds Payable (continued):

<b>Bond Issuance of March 5, 2012</b>				
<b>Year Ending June 30,</b>	<b>Interest</b>		<b>Interest</b>	<b>Total</b>
	<b>Rate</b>	<b>Principal</b>		
2014	1.15	\$ 290,000	\$ 108,938	\$ 398,938
2015	1.35	290,000	105,602	395,602
2016	1.45	295,000	101,688	396,688
2017	1.65	300,000	97,410	397,410
2018	1.85	310,000	92,460	402,460
2019-2027	2.1-3.2	3,185,000	478,448	3,663,448
<b>Total</b>		<b>\$ 4,670,000</b>	<b>\$ 984,546</b>	<b>\$ 5,654,546</b>

<b>Bond Issuance of June 1, 2012</b>				
<b>Year Ending June 30,</b>	<b>Interest</b>		<b>Interest</b>	<b>Total</b>
	<b>Rate</b>	<b>Principal</b>		
2014	0.8	\$ 250,000	\$ 149,585	\$ 399,585
2015	1.1	255,000	147,585	402,585
2016	1.3	255,000	144,780	399,780
2017	1.55	260,000	141,465	401,465
2018	1.65	265,000	137,436	402,436
2019-2021	1.9-3.5	4,465,000	1,152,884	5,617,884
<b>Total</b>		<b>\$ 5,750,000</b>	<b>\$ 1,873,735</b>	<b>\$ 7,623,735</b>

<b>Bond Issuance of March 1, 2008</b>				
<b>Year Ending June 30,</b>	<b>Interest</b>		<b>Interest</b>	<b>Total</b>
	<b>Rate</b>	<b>Principal</b>		
2014	3.50	\$ 410,000	\$ 286,812	\$ 696,812
2015	3.50	425,000	272,462	697,462
<b>Total</b>		<b>\$ 835,000</b>	<b>\$ 559,274</b>	<b>\$ 1,394,274</b>



## NOTES TO FINANCIAL STATEMENTS

### Note 5. Changes in Long-Term Debt (Continued)

#### Bonds Payable (continued):

<b>Bond Issuance of March 1, 2009</b>				
<b>Year Ending June 30,</b>	<b>Interest</b>		<b>Interest</b>	<b>Total</b>
	<b>Rate</b>	<b>Principal</b>		
2014	4.00	\$ 335,000	\$ 280,184	\$ 615,184
2015	4.00	345,000	266,784	611,784
<b>Total</b>		<b>\$ 680,000</b>	<b>\$ 546,968</b>	<b>\$ 1,226,968</b>

<b>Bond Refunding of December 28, 2012</b>				
<b>Year Ending June 30,</b>	<b>Interest</b>		<b>Interest</b>	<b>Total</b>
	<b>Rate</b>	<b>Principal</b>		
2014	0.7	\$ -	\$ 87,050	\$ 87,050
2015	0.7	-	87,050	87,050
2016	0.7	60,000	87,050	147,050
2017	0.7	60,000	86,630	146,630
2018	1.00	60,000	86,210	146,210
2019-2029	1.00-2.50	3,575,000	704,495	4,279,495
<b>Total</b>		<b>\$ 3,755,000</b>	<b>\$ 1,138,485</b>	<b>\$ 4,893,485</b>

<b>Bond Refunding of February 20, 2013</b>				
<b>Year Ending June 30,</b>	<b>Interest</b>		<b>Interest</b>	<b>Total</b>
	<b>Rate</b>	<b>Principal</b>		
2014	.65	\$ -	\$ 143,844	\$ 143,844
2015	.65	-	143,844	143,844
2016	.65	945,000	143,844	1,088,844
2017	.85	955,000	137,702	1,092,702
2018	1.00	960,000	129,584	1,089,584
2019-2029	1.15-2.375	6,955,000	540,786	7,495,786
<b>Total</b>		<b>\$ 9,815,000</b>	<b>\$ 1,239,604</b>	<b>\$ 11,054,604</b>

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. Operating Leases

The College has leased various facilities and equipment. These leases have been classified as operating leases and accordingly, all rents are charged as incurred. The leases expire between 2013 and 2020 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2013:

<u>Year Ending June 30</u>	<u>Amount</u>
2014	\$ 111,205
2015	88,653
2016	33,713
2017	17,772
2018	12,146
Thereafter	<u>20,800</u>
<b>Total</b>	<b><u>\$ 284,289</u></b>

Rents for the year ended June 30, 2013 for all operating leases, except those with terms of a month or less which were not renewed, totaled \$217,313.

### Note 7. Iowa Public Employees Retirement System (IPERS)

The College contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.78% of their annual covered salary and the College is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The College's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$996,286, \$859,547 and \$771,351, respectively, equal to the required contributions for each year.

## NOTES TO FINANCIAL STATEMENTS

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### **Note 8. Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF)**

The College contributes to the TIAA-CREF retirement program that is a defined contribution plan. TIAA administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 5.78% and the College is required to contribute 8.67%. The College's and employees' required and actual contributions to TIAA-CREF for the years ended June 30, 2013 and 2012 were \$567,807 and \$515,862, respectively.

### **Note 9. Other Postemployment Benefits (OPEB)**

Plan Description - The College operates a single-employer health benefit plan that provides medical/prescription drug benefits for employees, retirees and their spouses. There are 316 active and 33 retired members in the plan. Retired participants must be age 55 or older at retirement.

The College pays the employer share of premiums for both single and family coverage for active employees and purchases the fully insured benefits through its self-funded group insurance plan. Upon retirement, the retiree can continue his/her health coverage. The College pays the required premium. The Plan coverage terminates upon reaching Medicare eligibility age 65.

Funding Policy - The contribution requirements of plan members are established and may be amended by the College. The College currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution (ARC)	\$ 606,313
Interest on Net OPEB	154,629
Adjustments to Net OPEB	<u>(988,466)</u>
Annual OPEB cost	(227,524)
Contributions made	<u>(344,286)</u>
Increase in net OPEB obligation	(571,810)
Net OPEB obligation beginning of year	<u>6,185,154</u>
Net OPEB obligation end of year	<u><u>\$ 5,613,344</u></u>

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Other Postemployment Benefits (OPEB) (Continued)

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 141,362	0%	\$ 1,989,953
June 30, 2011	2,903,323	13%	4,525,906
June 30, 2012	1,984,551	16%	6,185,154
June 30, 2013	(227,524)	-151%	5,613,344

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was approximately \$2.8 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$2.8 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$15,393,000 and the ratio of the UAAL to covered payroll was 18%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.50% discount rate based on the College's funding policy. The projected annual health cost trend rate is 6%.

## NOTES TO FINANCIAL STATEMENTS

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### **Note 9. Other Postemployment Benefits (OPEB) (Continued)**

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

### **Note 10. New Jobs Training Programs**

The College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area V in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries that are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the College administered one hundred three projects with sixteen currently receiving project funding. Five of the remaining projects have been completed and only repayment of the certificates is left. The remaining eighty-two projects have been completed and the certificates have been paid. In cases where projects exceed the budgeted amounts, the college intends to obtain additional withholding revenue from the companies.

### **Note 11. Risk Management**

Iowa Central Community College carries commercial insurance purchased from insurers for coverage associated with torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### **Note 12. Deficit Fund Balance**

The College has a deficit balance in the funds as listed below as of June 30, 2013. Management believes that future transfers from unrestricted current funds will eliminate these deficit balances.

Unrestricted Fund:	
Career Education	\$ (267,251)
Miscellaneous	(89,963)

## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 13. Self-Insurance Program**

Effective July 1, 2000, the College has a self-insurance program for hospitalization and medical coverage for its employees. The College limits its losses through the use of stop-loss policies from insurers. Specific individual losses for claims are limited to \$100,000 per year. The College's aggregate annual loss limitation is based on a formula that considers, among other things, the total number of employees and was limited to \$3,396,603 in claims as of June 30, 2013. For the year ended June 30, 2013, the College paid \$4,110,775 under the program, which includes health and dental claims, life and long-term disability premiums, and administrative costs.

### **Note 14. Subsequent Events**

Subsequent events have been evaluated through January 7, 2014, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

In December 2013, the board of directors approved a construction contract for building remodeling. The total cost of the contract is \$647,900 and is expected to be completed during the year-ended June 30, 2014.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**IOWA CENTRAL COMMUNITY COLLEGE**

**SCHEDULE OF FUNDING PROGRESS  
FOR THE RETIREE HEALTH PLAN  
(In Thousands)**

**Required Supplementary Information**

<b>Year-Ended June 30,</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
2009	July 1, 2008	\$ -	\$ 9,996	\$ 9,996	0%	\$ 12,797	78%
2010	July 1, 2008	-	9,996	9,996	0%	13,496	74%
2011	July 1, 2010	-	10,710	10,710	0%	14,089	76%
2012	July 1, 2010	-	10,710	10,710	0%	14,659	73%
2013	July 1, 2012	-	2,800	2,800	0%	15,393	18%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, and the funded status and funding progress.

See accompanying Independent Auditor's Report.



## **OTHER SUPPLEMENTARY INFORMATION**

## IOWA CENTRAL COMMUNITY COLLEGE

### NOTE TO SUPPLEMENTARY INFORMATION

June 30, 2013

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Supplementary information of the College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. The various fund groups and their designated purposes are as follows:

Current Funds – The Current Funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the College and consist of the following:

Unrestricted Fund – The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the College.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the College.

Restricted Fund – The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds – The Loan Funds are used to account for loans to students, and are financed primarily by the federal government.

Endowment Funds – The Endowment Funds are used to account for resources, the principal of which is maintained inviolate to conform with restrictions by donors or other outside agencies. Generally, only the income from these funds may be used.

Plant Funds – The Plant Funds are used to account for transactions relating to investment in the College properties, and consist of the following self-balancing accounts:

Unexpended – This account is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Investment in Plant – This account is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds – The Agency Funds are used to account for assets held by the College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities.

The Budgetary Comparison Schedule of Expenditures – Budget to Actual provides a comparison of the budget to actual expenditures for those funds and/or levies required to be budgeted. Since Iowa Central Community College uses Business-Type Activities reporting, this budgetary comparison information is included as other supplementary information.

Schedules presented in other supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in fund balances is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

**BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES -  
BUDGET AND ACTUAL**

**Year Ended June 30, 2013**

<b>Funds/Levy</b>	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance Between Actual and Amended Budget</b>
Unrestricted	\$ 37,000,000	\$ 36,208,500	\$ 36,658,681	\$ (450,181)
Restricted	5,379,671	10,387,399	2,935,224	7,452,175
Unemployment	60,000	45,000	13,796	31,204
Tort liability	400,000	430,000	401,309	28,691
Insurance	400,000	455,000	430,597	24,403
Early retirement	400,000	400,000	407,464	(7,464)
Equipment replacement	721,000	975,000	351,364	623,636
<b>Total restricted</b>	<b>7,360,671</b>	<b>12,692,399</b>	<b>4,539,754</b>	<b>8,152,645</b>
Plant	16,195,923	16,195,923	9,390,021	6,805,902
Bonds and interest	1,313,822	1,313,822	792,179	521,643
<b>Total</b>	<b>\$ 61,870,416</b>	<b>\$ 66,410,644</b>	<b>\$ 51,380,635</b>	<b>\$ 15,030,009</b>

**Note to Budgetary Reporting:**

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the College on a basis consistent with U. S. generally accepting accounting principles. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operation expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Workforce Improvement Act, Scholarships and Grants Accounts, Loan Funds, Endowment Funds and Agency Funds.

For the year ended June 30, 2013, the College's expenditures did not exceed the amount budgeted.

See accompanying Independent Auditor's Report.

**IOWA CENTRAL COMMUNITY COLLEGE**

**BALANCE SHEET - ALL FUNDS**

**June 30, 2013**

Assets	Current Funds		Loan Funds
	Unrestricted	Restricted	
Cash and pooled investments	\$ 5,657,074	\$ 7,302,695	\$ 4,992
Receivables:			
Accounts	2,158,803	-	-
Property tax:			
Succeeding year	1,448,453	2,178,687	-
Iowa Industrial New Jobs Training Program	-	874,849	-
Due from other funds	8,095,180	-	-
Due from other governments	154,658	680,796	-
Inventories	1,034,530	-	-
Prepaid expenses	252,140	-	-
Capital assets:			
Land	-	-	-
Buildings	-	-	-
Construction in progress	-	-	-
Improvements other than buildings	-	-	-
Equipment and vehicles	-	-	-
Accumulated depreciation	-	-	-
<b>Total assets</b>	<b>\$ 18,800,838</b>	<b>\$ 11,037,027</b>	<b>\$ 4,992</b>

See accompanying Independent Auditor's Report.

**Schedule 2**

<b>Plant Funds</b>		<b>Agency Funds</b>	<b>Adjustments</b>	<b>Total</b>
<b>Unexpended</b>	<b>Investment in Plant</b>			
\$ 6,446,114	\$ -	\$ 420	\$ -	\$ 19,411,295
-	-	-	-	2,158,803
-	-	-	-	6,310,674
2,683,534	-	-	-	874,849
-	-	-	-	-
-	-	970,701	(9,065,881)	852,465
-	-	17,011	-	1,034,530
-	-	-	-	252,140
-	-	-	-	2,298,870
-	2,298,870	-	-	69,519,570
-	69,519,570	-	-	6,727,192
-	6,727,192	-	-	4,867,633
-	4,867,633	-	-	10,973,543
-	10,973,543	-	-	(25,852,314)
-	-	-	(25,852,314)	(25,852,314)

\$ 9,129,648	\$ 94,386,808	\$ 988,132	\$ (34,918,195)	\$ 99,429,250
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**IOWA CENTRAL COMMUNITY COLLEGE**

**BALANCE SHEET - ALL FUNDS**

**June 30, 2013**

<b>Liabilities and Fund Balances</b>	<b>Current Funds</b>		<b>Loan Funds</b>
	<b>Unrestricted</b>	<b>Restricted</b>	
<b>Liabilities:</b>			
Accounts payable	\$ 1,023,497	\$ -	\$ -
Salaries and benefits payable	1,067,045	-	-
Interest payable	7,598	11,926	-
Due to other funds	5,954,503	540,883	-
Deferred revenue:			
Succeeding year property tax	1,448,453	2,178,687	-
Other	35,096	1,681,711	-
Compensated absences	503,181	-	-
Deposits held in custody for others	-	-	-
Certificates payable	-	3,560,000	-
Capital loan notes payable	-	-	-
Bonds payable	-	-	-
Net OPEB Liability	-	-	-
<b>Total liabilities</b>	<b>10,039,373</b>	<b>7,973,207</b>	<b>-</b>
<b>Fund balances:</b>			
Invested in capital assets, net of related debt	-	-	-
Restricted:			
Expendable:			
Scholarships and fellowships	-	140,598	-
Loans	-	-	4,992
Cash reserve	-	319,603	-
Other	-	2,603,619	-
Auxiliary enterprises	6,053,641	-	-
Unrestricted	2,707,824	-	-
<b>Total fund balances</b>	<b>8,761,465</b>	<b>3,063,820</b>	<b>4,992</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,800,838</b>	<b>\$ 11,037,027</b>	<b>\$ 4,992</b>

See accompanying Independent Auditor's Report.

**Schedule 2  
(Continued)**

<b>Plant Funds</b>		<b>Agency Funds</b>	<b>Adjustments</b>	<b>Total</b>
<b>Unexpended</b>	<b>Investment in Plant</b>			
\$ -	\$ -	\$ -	\$ -	\$ 1,023,497
-	-	-	-	1,067,045
51,144	-	-	-	70,668
2,570,495	-	-	(9,065,881)	-
2,683,534	-	-	-	6,310,674
-	-	-	-	1,716,807
-	-	-	-	503,181
-	-	988,132	-	988,132
-	-	-	-	3,560,000
-	8,310,000	-	-	8,310,000
-	31,020,000	-	-	31,020,000
-	-	-	5,613,344	5,613,344
5,305,173	39,330,000	988,132	(3,452,537)	60,183,348
	55,056,808	-	(25,852,314)	29,204,494
	-	-	-	140,598
	-	-	-	4,992
	-	-	-	319,603
	-	-	-	2,603,619
	-	-	(137,388)	5,916,253
3,824,475	-	-	(5,475,956)	1,056,343
3,824,475	55,056,808	-	(31,465,658)	39,245,902
\$ 9,129,648	\$ 94,386,808	\$ 988,132	\$ (34,918,195)	\$ 99,429,250

# IOWA CENTRAL COMMUNITY COLLEGE

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL FUNDS Year Ended June 30, 2013

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Revenues:			
General:			
State appropriations	\$ 9,881,929	\$ 1,986,187	\$ -
Tuition and fees	23,773,215	-	-
Property tax	1,386,034	1,560,232	-
Federal appropriations	695,887	12,566,839	-
Sales and services	558,397	-	-
Interest on investments	52,784	20,668	-
Iowa Industrial New Jobs Training Program	-	484,668	-
Increase in plant investment due to donated plant assets	-	-	-
Increase in plant investment due to plant expenditures	-	-	-
Miscellaneous	127,573	291,187	-
	<u>36,475,819</u>	<u>16,909,781</u>	<u>-</u>
Auxiliary enterprises:			
Tuition and fees	90,926	-	-
Sales and services	15,133,227	-	-
	<u>15,224,153</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>51,699,972</u>	<u>16,909,781</u>	<u>-</u>
Expenditures:			
Education and support:			
Liberal arts and science	9,406,584	-	-
Vocational technical	7,223,380	367,746	-
Adult education	2,143,447	366,098	-
Cooperative services	549,426	484,668	-
Administration	1,304,881	196,183	-
Student services	6,093,499	-	-
Learning resources	562,775	-	-
Physical plant	4,578,631	430,597	-
General institution	4,796,058	2,694,462	-
<b>Total education and support</b>	<u>36,658,681</u>	<u>4,539,754</u>	<u>-</u>

See accompanying Independent Auditor's Report.



Schedule 3

Plant Funds			
Unexpended	Investment in Plant	Adjustments	Total
\$ 690,643	\$ -	\$ -	\$ 12,558,759
-	-	(6,658,061)	17,115,154
2,701,074	-	-	5,647,340
-	-	-	13,262,726
339,887	-	(76,986)	821,298
-	-	-	73,452
-	-	-	484,668
-	4,217,485	-	4,217,485
-	8,458,319	(8,458,319)	-
38,102	-	-	456,862
3,769,706	12,675,804	(15,193,366)	54,637,744
-	-	-	90,926
-	-	(1,924,635)	13,208,592
-	-	(1,924,635)	13,299,518
3,769,706	12,675,804	(17,118,001)	67,937,262
-	-	(93,212)	9,313,372
-	-	(259,661)	7,331,465
-	-	(39,842)	2,469,703
-	-	(440,917)	593,177
-	-	(26,397)	1,474,667
-	-	(113,872)	5,979,627
-	-	(3,608)	559,167
-	-	(66,741)	4,942,487
-	-	(292,055)	7,198,465
-	-	(1,336,305)	39,862,130

(Continued on next page)

**IOWA CENTRAL COMMUNITY COLLEGE**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**

**ALL FUNDS**

**Year Ended June 30, 2013**

	<b>Current Funds</b>		<b>Loan Funds</b>
	<b>Unrestricted</b>	<b>Restricted</b>	
Expenditures (Continued):			
Auxiliary enterprises	\$ 12,577,310	\$ -	\$ -
Scholarships and grants	-	12,507,525	-
Workforce Investment Act	-	-	-
Administrative and collection costs	-	-	-
Plant asset acquisitions	-	-	-
Disposal of plant assets	-	-	-
Loss on disposal of capital assets	-	-	-
Depreciation	-	-	-
Interest on indebtedness	-	-	-
<b>Total expenditures</b>	<b>49,235,991</b>	<b>17,047,279</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,463,981</b>	<b>(137,498)</b>	<b>-</b>
Transfers:			
Non-mandatory transfers	(1,865,015)	223,078	-
<b>Total transfers</b>	<b>(1,865,015)</b>	<b>223,078</b>	<b>-</b>
Net	598,966	85,580	-
Fund balances beginning of year	8,162,499	2,978,240	4,992
Fund balances end of year	<u>\$ 8,761,465</u>	<u>\$ 3,063,820</u>	<u>\$ 4,992</u>

See accompanying Independent Auditor's Report.

**Schedule 3  
(Continued)**

<b>Plant Funds</b>			
<b>Unexpended</b>	<b>Investment in Plant</b>	<b>Adjustments</b>	<b>Total</b>
\$ -	\$ -	\$ (609,444)	\$ 11,967,866
-	-	(8,581,352)	3,926,173
-	-	-	-
736,895	-	-	736,895
7,954,888	-	(7,954,888)	-
-	74,708	(74,708)	-
-	-	-	-
-	-	2,534,829	2,534,829
623,530	-	792,179	1,415,709
9,315,313	74,708	(15,229,689)	60,443,602
(5,545,607)	12,601,096	(1,888,312)	7,493,660
(943,064)	2,585,001	-	-
(943,064)	2,585,001	-	-
(6,488,671)	15,186,097	(1,888,312)	7,493,660
10,313,146	39,870,711	(29,577,346)	31,752,242
\$ 3,824,475	\$ 55,056,808	\$ (31,465,658)	\$ 39,245,902

# IOWA CENTRAL COMMUNITY COLLEGE

## UNRESTRICTED FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES --

#### EDUCATION AND SUPPORT

Year Ended June 30, 2013

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
Revenues:				
State appropriations	\$ 6,074,815	\$ 2,801,460	\$ 1,005,654	\$ -
Tuition and fees	14,783,340	6,772,320	1,475,597	318,339
Property tax	-	-	-	-
Federal appropriations	-	432,964	178,335	32,577
Sales and services	-	71,941	130,149	-
Interest on investments	-	-	-	-
Miscellaneous	-	52,181	41,217	-
	20,858,155	10,130,866	2,830,952	350,916
Allocation of support services	1,267,712	691,479	322,690	23,049
<b>Total revenues</b>	<b>22,125,867</b>	<b>10,822,345</b>	<b>3,153,642</b>	<b>373,965</b>
Expenditures:				
Salaries and benefits	6,680,761	5,886,403	1,388,908	385,786
Services	2,642,628	435,375	501,753	140,877
Materials and supplies	77,395	682,026	224,202	39,968
Travel	4,600	81,899	20,097	637
Plant asset acquisitions	-	133,677	-	-
Loan cancellation and bad debts	-	-	-	(22,471)
Miscellaneous	1,200	4,000	8,487	4,629
	9,406,584	7,223,380	2,143,447	549,426
Allocation of support services	9,534,715	5,200,753	2,427,018	173,358
<b>Total expenditures</b>	<b>18,941,299</b>	<b>12,424,133</b>	<b>4,570,465</b>	<b>722,784</b>

Schedule 4

Support					Education and Support Total
General Adminis- tration	Student Services	Learning Resources	Physical Plant	General Institution	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,881,929
-	47,502	-	-	376,117	23,773,215
1,386,034	-	-	-	-	1,386,034
-	52,011	-	-	-	695,887
-	2,370	506	67,897	285,534	558,397
52,784	-	-	-	-	52,784
34,175	-	-	-	-	127,573
1,472,993	101,883	506	67,897	661,651	36,475,819
(1,472,993)	(101,883)	(506)	(67,897)	(661,651)	-
-	-	-	-	-	36,475,819
1,016,394	3,831,428	491,512	2,130,439	2,339,564	24,151,195
234,911	319,606	39,218	1,010,878	1,208,162	6,533,408
17,622	126,489	32,045	1,367,663	455,196	3,022,606
35,929	73,587	-	2,899	31,127	250,775
-	-	-	66,752	15,230	215,659
-	-	-	-	557,144	534,673
25	1,742,389	-	-	189,635	1,950,365
1,304,881	6,093,499	562,775	4,578,631	4,796,058	36,658,681
(1,304,881)	(6,093,499)	(562,775)	(4,578,631)	(4,796,058)	-
-	-	-	-	-	36,658,681

(Continued on next page)

**IOWA CENTRAL COMMUNITY COLLEGE**

**UNRESTRICTED FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES --**

**EDUCATION AND SUPPORT**

**Year Ended June 30, 2013**

	<b>Education</b>			
	<b>Liberal Arts and Sciences</b>	<b>Vocational Technical</b>	<b>Adult Education</b>	<b>Cooperative Services</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 3,184,568</b>	<b>\$ (1,601,788)</b>	<b>\$ (1,416,823)</b>	<b>\$ (348,819)</b>
Transfers:				
Non-mandatory transfers	-	(45,492)	3,437	-
<b>Total transfers</b>	<b>-</b>	<b>(45,492)</b>	<b>3,437</b>	<b>-</b>
<b>Net</b>	<b>\$ 3,184,568</b>	<b>\$ (1,647,280)</b>	<b>\$ (1,413,386)</b>	<b>\$ (348,819)</b>

Fund balance beginning of year

Fund balance end of year

See accompanying Independent Auditor's Report.

**Schedule 4  
(Continued)**

<b>Support</b>					<b>Education and Support Total</b>
<b>General Adminis- tration</b>	<b>Student Services</b>	<b>Learning Resources</b>	<b>Physical Plant</b>	<b>General Institution</b>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (182,862)
-	(4,487)	-	(82)	486,293	439,669
-	(4,487)	-	(82)	486,293	439,669
\$ -	\$ (4,487)	\$ -	\$ (82)	\$ 486,293	256,807
					2,451,017
					\$ 2,707,824

**IOWA CENTRAL COMMUNITY COLLEGE**

**UNRESTRICTED FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES --**

**AUXILIARY ENTERPRISES**

**Year Ended June 30, 2013**

	<b>Bookstore</b>	<b>Career Education</b>	<b>Self- Insurance Program</b>	<b>Dormitories</b>
<b>Revenues:</b>				
Tuition and fees	\$ -	\$ -	\$ -	\$ 81,712
Sales and services	3,459,567	484,272	3,871,998	5,998,434
<b>Total revenues</b>	<b>3,459,567</b>	<b>484,272</b>	<b>3,871,998</b>	<b>6,080,146</b>
<b>Expenditures:</b>				
Salaries and benefits	154,135	260	-	365,754
Services	46,187	310,364	4,110,775	2,183,121
Materials and supplies	7,257	57,506	-	456,432
Travel	30,157	-	-	-
Plant asset acquisitions	-	-	-	-
Interest on indebtedness	-	-	-	579,240
Cost of goods sold	2,410,901	159,428	-	-
Miscellaneous	-	43,355	-	302,707
<b>Total expenditures</b>	<b>2,648,637</b>	<b>570,913</b>	<b>4,110,775</b>	<b>3,887,254</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>810,930</b>	<b>(86,641)</b>	<b>(238,777)</b>	<b>2,192,892</b>
<b>Transfers:</b>				
Non-mandatory transfers	(406,484)	48,125	(4,451)	(1,941,874)
<b>Net</b>	<b>404,446</b>	<b>(38,516)</b>	<b>(243,228)</b>	<b>251,018</b>
Fund balances beginning of year	876,545	(228,735)	2,135,877	2,986,197
Fund balances end of year	\$ 1,280,991	\$ (267,251)	\$ 1,892,649	\$ 3,237,215

See accompanying Independent Auditor's Report.



**Schedule 5**

<b>Miscellaneous</b>		<b>Total</b>	
\$	9,214	\$	90,926
	1,318,956		15,133,227
	1,328,170		15,224,153
	687,710		1,207,859
	350,789		7,001,236
	312,794		833,989
	-		30,157
	8,438		8,438
	-		579,240
	-		2,570,329
	-		346,062
	1,359,731		12,577,310
	(31,561)		2,646,843
	-		(2,304,684)
	(31,561)		342,159
	(58,402)		5,711,482
\$	(89,963)	\$	6,053,641

**IOWA CENTRAL COMMUNITY COLLEGE**

**RESTRICTED FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**Year Ended June 30, 2013**

	<b>Scholarships and Grants</b>	<b>Equipment Replacement</b>	<b>Insurance</b>
Revenues:			
State appropriations	\$ 642,041	\$ -	\$ -
Property tax	-	616,266	301,292
Federal appropriations	11,453,122	-	-
Sales and services	-	-	-
Interest on investments	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-
Miscellaneous	161,997	-	-
<b>Total revenues</b>	<b>12,257,160</b>	<b>616,266</b>	<b>301,292</b>
Expenditures:			
Salaries and benefits	-	-	-
Services	-	14,200	430,597
Materials and supplies	-	131,142	-
Travel	-	-	-
Interest on indebtedness	-	-	-
Federal Pell Grant program	11,268,886	-	-
Federal Supplemental Educational Opportunity Grant	184,236	-	-
Iowa College Student Aid Commission	534,866	-	-
Miscellaneous	519,537	206,022	-
<b>Total expenditures</b>	<b>12,507,525</b>	<b>351,364</b>	<b>430,597</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(250,365)</b>	<b>264,902</b>	<b>(129,305)</b>
Transfers:			
Non-mandatory transfers	347,715	-	-
<b>Net</b>	<b>97,350</b>	<b>264,902</b>	<b>(129,305)</b>
Fund balance beginning of year	43,248	703,529	555,572
Fund balance end of year	<b>\$ 140,598</b>	<b>\$ 968,431</b>	<b>\$ 426,267</b>

See accompanying Independent Auditor's Report.

Early Retirement		Unemployment Compensation		Cash Reserve		Tort Liability		Workforce Investment Act		Iowa Industrial New Jobs Training Program	
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	300,948		40,202		-		301,524		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		484,668
	-		-		-		-		-		-
	300,948		40,202		-		301,524		-		484,668
	407,464		13,796		-		401,309		-		-
	-		-		-		-		-		271,729
	-		-		-		-		-		-
	-		-		-		-		-		212,939
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	407,464		13,796		-		401,309		-		484,668
	(106,516)		26,406		-		(99,785)		-		-
	-		-		-		-		-		-
	(106,516)		26,406		-		(99,785)		-		-
	316,979		31,960		319,603		533,616		-		-
\$	210,463	\$	58,366	\$	319,603	\$	433,831	\$	-	\$	-

# Schedule 6

<b>Miscellaneous</b>		<b>Total</b>	
\$	1,344,146	\$	1,986,187
	-		1,560,232
	1,113,717		12,566,839
	-		-
	20,668		20,668
	-		484,668
	129,190		291,187
	2,607,721		16,909,781
	1,793,435		2,616,004
	323,086		1,039,612
	83,423		214,565
	229,935		229,935
	-		212,939
	-		11,268,886
	-		184,236
	-		534,866
	20,677		746,236
	2,450,556		17,047,279
	157,165		(137,498)
	(124,637)		223,078
	32,528		85,580
	473,733		2,978,240
\$	506,261	\$	3,063,820

**IOWA CENTRAL COMMUNITY COLLEGE****AGENCY FUNDS****SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS****Year Ended June 30, 2013**

	<b>Athletics and Student Organizations</b>	<b>Retraining Program</b>	<b>Federal Direct Student Loan Program</b>
Balances beginning of year	\$ (64,710)	\$ 395,649	\$ -
Additions:			
Tuition and fees	129,988	-	-
Federal and state appropriations	-	180,000	19,345,553
Sales and services	102,637	-	-
Interest on investments	-	1,504	-
Miscellaneous	2,184,725	-	-
<b>Total additions</b>	<b>2,417,350</b>	<b>181,504</b>	<b>19,345,553</b>
Deductions:			
Salaries and benefits	11,069	-	-
Services	417,094	185,631	19,345,553
Materials and supplies	501,145	-	-
Travel	506,894	-	-
Scholarships	925,810	-	-
Miscellaneous	19,644	-	-
<b>Total deductions</b>	<b>2,381,656</b>	<b>185,631</b>	<b>19,345,553</b>
Balances end of year	\$ (29,016)	\$ 391,522	\$ -

See accompanying Independent Auditor's Report.

**Schedule 7**

<hr/>	
Miscellaneous	Total
<hr/>	
\$ 724,538	\$ 1,055,477
<hr/>	
530,644	660,632
205,857	19,731,410
415,338	517,975
-	1,504
73,405	2,258,130
1,225,244	23,169,651
<hr/>	
184,698	195,767
115,983	20,064,261
215,247	716,392
101,268	608,162
62,835	988,645
644,125	663,769
1,324,156	23,236,996
<hr/>	
\$ 625,626	\$ 988,132
<hr/>	

**IOWA CENTRAL COMMUNITY COLLEGE**

**SCHEDULE OF CREDIT AND CONTACT HOURS**  
**Year Ended June 30, 2013**

<b>Category</b>	<b>Credit Hours</b>		<b>Total</b>
	<b>Eligible for Aid</b>	<b>Not Eligible for Aid</b>	
Arts and Sciences	98,382	-	98,382
Vocational Education	42,071	-	42,071
Adult Education/Continuing Education	-	-	-
Cooperative Programs/Services	-	-	-
	<b>140,453</b>	<b>-</b>	<b>140,453</b>

See accompanying Independent Auditor's Report.

**Schedule 8**

<b>Contact Hours</b>		
<b>Eligible for Aid</b>	<b>Not Eligible for Aid</b>	<b>Total</b>
1,927,553	-	1,927,553
1,043,178	-	1,043,178
376,581	145,597	522,178
-	13,415	13,415
3,347,312	159,012	3,506,324



**IOWA CENTRAL COMMUNITY COLLEGE**

**SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES  
For the Last Ten Years**

	<b>Year</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Local (property tax)	<b>\$ 5,647,340</b>	<b>\$ 5,740,825</b>	<b>\$ 6,138,495</b>	<b>\$ 5,490,706</b>
State	<b>12,558,759</b>	<b>10,482,371</b>	<b>11,118,078</b>	<b>9,705,796</b>
Federal	<b>13,262,726</b>	<b>13,708,947</b>	<b>14,886,911</b>	<b>13,289,803</b>
<b>Total</b>	<b>\$ 31,468,825</b>	<b>\$ 29,932,143</b>	<b>\$ 32,143,484</b>	<b>\$ 28,486,305</b>

See accompanying Independent Auditor's Report.

Schedule 9

Ended June 30,					
2009	2008	2007	2006	2005	2004
\$ 5,818,758	\$ 3,540,724	\$ 3,557,131	\$ 4,326,970	\$ 3,716,759	\$ 3,667,753
12,477,593	11,495,819	10,588,190	10,232,644	8,436,420	8,146,823
8,358,649	6,249,882	5,588,092	6,545,688	6,420,694	6,253,707
\$ 26,655,000	\$ 21,286,425	\$ 19,733,413	\$ 21,105,302	\$ 18,573,873	\$ 18,068,283

# **IOWA CENTRAL COMMUNITY COLLEGE**

## **SCHEDULE OF CURRENT FUND REVENUES BY SOURCE**

### **AND EXPENDITURES BY FUNCTION**

**For the Last Ten Years**

	<b>Year</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Revenues:</b>				
State appropriations	\$ 11,868,116	\$ 10,427,406	\$ 10,363,645	\$ 9,596,735
Tuition and fees	23,773,215	22,660,862	22,102,687	19,758,110
Property tax	2,946,266	3,098,839	3,540,602	3,002,851
Federal appropriations	13,262,726	13,708,947	14,886,911	13,289,803
Sales and services	558,397	918,308	1,251,525	1,112,727
Interest on investments	73,452	65,123	65,424	72,115
Iowa Industrial New Jobs Training Program	484,668	763,740	908,341	979,649
Auxiliary enterprises	15,224,153	14,520,539	13,015,025	11,771,531
Miscellaneous	418,760	262,903	160,997	154,113
<b>Total</b>	<b>\$ 68,609,753</b>	<b>\$ 66,426,667</b>	<b>\$ 66,295,157</b>	<b>\$ 59,737,634</b>
<b>Expenditures:</b>				
Liberal arts and sciences	\$ 9,406,584	\$ 8,601,990	\$ 8,496,731	\$ 7,574,233
Vocational technical	7,591,126	7,281,811	7,129,584	6,391,435
Adult education	2,509,545	2,358,489	2,417,605	2,312,987
Cooperative services	1,034,094	1,400,502	1,696,712	2,236,022
Administration	1,501,064	1,663,080	1,428,079	1,554,076
Student services	6,093,499	5,309,594	4,883,545	4,510,205
Learning resources	562,775	579,986	571,816	443,646
Physical plant	5,009,228	5,243,191	4,860,216	4,497,508
General institution	7,490,520	7,959,589	8,912,742	8,300,325
Auxiliary enterprises	12,577,310	12,841,603	10,413,435	9,613,638
Scholarships and grants	12,507,525	12,011,007	12,173,416	9,533,501
Workforce Investment Act	-	68,633	102,334	109,075
<b>Total</b>	<b>\$ 66,283,270</b>	<b>\$ 65,319,475</b>	<b>\$ 63,086,215</b>	<b>\$ 57,076,651</b>

See accompanying Independent Auditor's Report.

## Schedule 10

Ended June 30,					
2009	2008	2007	2006	2005	2004
\$ 11,564,261	\$ 11,165,271	\$ 10,369,493	\$ 9,391,912	\$ 8,436,420	\$ 8,146,823
17,473,089	15,284,473	13,713,940	12,008,732	11,194,233	10,094,979
3,385,350	2,480,517	2,507,291	3,313,307	2,713,047	2,478,962
8,358,413	6,249,361	5,588,092	6,143,591	5,687,324	6,253,707
1,523,171	1,330,600	1,680,551	1,453,867	1,034,224	1,120,455
278,197	667,046	850,523	782,516	403,503	203,617
1,910,326	2,124,379	2,073,371	2,125,884	2,446,804	2,178,176
10,964,404	10,611,526	8,958,337	7,658,956	7,006,616	6,591,754
183,978	185,340	170,645	200,508	208,799	123,583
\$ 55,641,189	\$ 50,098,513	\$ 45,912,243	\$ 43,079,273	\$ 39,130,970	\$ 37,192,056
\$ 7,029,027	\$ 6,458,272	\$ 5,485,941	\$ 4,634,294	\$ 4,302,081	\$ 4,239,682
5,837,171	5,573,585	5,130,353	4,880,693	4,479,277	4,534,697
2,631,646	2,592,335	2,600,410	2,395,313	2,291,070	2,263,284
3,618,142	3,607,913	3,548,282	3,303,993	3,430,094	2,994,983
1,243,654	1,273,628	1,472,722	1,076,106	1,268,979	1,328,303
4,402,589	4,030,144	3,581,358	3,583,769	3,110,119	2,927,490
293,612	270,819	300,293	332,257	327,582	313,242
4,081,440	3,425,182	3,670,110	3,127,923	2,744,741	2,355,202
7,813,078	6,828,116	6,195,145	6,322,947	5,295,762	5,099,828
8,966,134	8,832,852	7,464,479	6,079,921	5,539,102	5,905,512
6,297,795	5,196,211	4,153,217	3,850,833	4,174,065	4,347,639
95,476	80,691	107,114	267,185	420,187	545,466
\$ 52,309,764	\$ 48,169,748	\$ 43,709,424	\$ 39,855,234	\$ 37,383,059	\$ 36,855,328

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2013**

<b>Grantor/Program</b>	<b>CFDA Number</b>	<b>Program Expenditures</b>	<b>New Loans and New Loan Guarantees</b>
Direct:			
U.S. Department of Justice:			
Congressionally Recommended Awards	16.753	\$ 153,785	\$ -
U.S. Department of Energy:			
Renewable Energy Research and Development	81.087	14,641	-
U.S. Department of Education:			
Student Financial Aid - cluster:			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	184,236	-
Federal Direct Student Loans	84.268	-	19,345,553
Federal Work-Study Program (FWS)	84.033	205,857	-
Federal Pell Grant Program	84.063	11,268,886	-
		11,658,979	19,345,553
TRIO Student Support Services	84.042	240,454	-
<b>Total direct</b>		12,067,859	19,345,553
Indirect:			
U.S. Department of Labor:			
Indirect through the Iowa Workforce Development:			
State Energy Sector Partnership	17.275	372,209	-
U.S. Department of Commerce:			
Indirect through Iowa State University:			
Manufacturing Extension Partnership - CIRAS	11.611	122,661	-
U.S. Department of Education:			
Indirect through the Iowa Department of Education:			
Adult Education - Basic Grants to States	84.002	178,335	-
Career and Technical Education - Basic Grant to States:			
Title II-B Program Improvement	84.048	432,964	-
Health Science - POS Grant	84.048	8,000	-
Vocational Prep Corrections	84.048	14,449	-
		455,413	-

(Continued on next page)

## IOWA CENTRAL COMMUNITY COLLEGE

Schedule 11  
(Continued)SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2013

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
<b>Indirect (Continued):</b>			
Indirect through the Iowa Department of Corrections:			
Title I Corrections	84.013	\$ 25,311	\$ -
U.S. Department of Homeland Security:			
Indirect through:			
2013 Homeland Security Grant	97.067	13,784	-
U.S. Department of Education:			
Indirect through Des Moines Area CC (DMACC):			
TAACCT Grant		27,154	-
<b>Total indirect</b>		1,194,867	-
<b>Total</b>		\$ 13,262,726	\$ 19,345,553

Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Iowa Central Community College and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying Independent Auditor's Report.

**IOWA CENTRAL COMMUNITY COLLEGE**

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**





**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Iowa Central Community College  
Fort Dodge, Iowa

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Iowa Central Community College, and the discretely presented component unit as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 7, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Iowa Central Community College's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iowa Central Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Iowa Central Community College's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Iowa Central Community College's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as Item II-A-13 to be a significant deficiency in internal control over financial reporting.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Iowa Central Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **Iowa Central Community College's Responses to Findings**

Iowa Central Community College's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Iowa Central Community College's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Central Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Fort Dodge, Iowa  
January 7, 2014

**IOWA CENTRAL COMMUNITY COLLEGE**

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR PROGRAM,  
ON INTERNAL CONTROL OVER COMPLIANCE AND ON  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133**



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR PROGRAM,  
ON INTERNAL CONTROL OVER COMPLIANCE AND ON  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors of  
Iowa Central Community College  
Fort Dodge, Iowa

**Report on Compliance for Each Major Federal Program**

We have audited Iowa Central Community College's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. Iowa Central Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Iowa Central Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Iowa Central Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Iowa Central Community College's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Iowa Central Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

The management of Iowa Central Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Iowa Central Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the audit procedures were appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Iowa Central Community College's internal control over compliance

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "John + Company CP". The signature is stylized and fluid.

Fort Dodge, Iowa  
January 7, 2014

**IOWA CENTRAL COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

**Part I: Summary of the Independent Auditor's Results**

- (A) An unmodified opinion was issued on the financial statements.
- (B) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (C) The audit did not disclose any noncompliance which is material to the financial statements.
- (D) No significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (E) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (F) The audit disclosed no audit findings that were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (G) Major programs were as follows:
  - Student Financial Aid - Cluster:
    - CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grants
    - CFDA Number 84.033 – Federal Work-Study Program
    - CFDA Number 84.063 – Federal Pell Grant Program
    - CFDA Number 84.268 – Federal Direct Student Loans
  - CFDA Number 17.275 – Program of Competitive Grants for Worker Training and Placement
  - CFDA Number 84.048 – Title II-B Program Improvement
- (H) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (I) Iowa Central Community College qualified as a low-risk auditee.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2013**

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NONCOMPLIANCE:**

No matters were reported.

**SIGNIFICANT DEFICIENCIES:**

- II-A-13 Satellite Campus Receipt Controls - An important aspect of internal control is the segregation of duties among employees so that the activities of one employee act as a check on those of another. No employee should be responsible for an entire transaction cycle.

The Community College's satellite campuses collect receipts for tuition and fees, book sales and miscellaneous revenues. Due to the limited number of staff at each center, receipts may be collected, recorded and deposited by the same individual.

While it is recognized that many methods of achieving good internal control are not adaptable to a small staff, some degree of effective control may always be obtained by appropriate organization or strengthening supervisory control procedures.

Recommendation - The Community College should review procedures in an effort to improve supervisory control over satellite campus receipts.

Response - Every effort is made to maintain efficient controls and still be cost effective at the satellite centers. Since June, 1993, tuition and fees (representing the majority of the revenue collected at any satellite center) are determined at the Webster City Center by means of the on-line registration process tied to the Student Billing System on the mainframe computer at Fort Dodge. Since May, 1996, tuition and fees (representing the majority of the revenue collected at any satellite center) are determined at the Storm Lake Center by means of the on-line registration process tied to the Student Billing System on the mainframe computer at Fort Dodge.

Discussion and review of receipting procedures take place periodically with supervisory staff at the centers.

Conclusion - Response accepted.

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE AND SIGNIFICANT DEFICIENCIES:**

No matters were reported.



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2013**

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-13 Certified Budget - Expenditures for the year ended June 30, 2013 did not exceed the amounts budgeted.
- IV-B-13 Questionable Expenditures - No expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-13 Travel Expense - No expenditures of Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted.
- IV-D-13 Business Transactions - No business transactions between the Community College and Community College officials or employees were noted.
- IV-E-13 Bond Coverage - Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-F-13 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-13 Publication - The Community College published a statement showing the receipts and disbursements of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- IV-H-13 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.
- IV-I-13 Credit/Contact Hours - Eligible credit and contact hours reported to the Iowa Department of Education by the Community College were supported by detailed records maintained by the Community College.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Central Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

A handwritten signature in blue ink that reads "Selma Company LLP". The signature is stylized and cursive.

Fort Dodge, Iowa  
January 7, 2014